

EXECUTIVE DIRECTOR'S MONTHLY REPORT JULY, 2004

- Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- Approval of FY 04-05 Indirect Cost Allocation Plan (ICAP). Caltrans has approved our FY 04-05 Indirect Cost Allocation Plan to be effective July 1, 2004. This is a significant milestone in our progress both internally and externally. The approval comes after Caltrans conducted an ICAP audit in May. This approval is a demonstrable indicator of our ability to meet deadlines, put forth a credible plan and support and justify internal controls and reporting accuracy.

This is the first time in recent memory that the ICAP, an annual event, has been approved prior to the start of a fiscal year. The FY 02-03 and FY 03-04 ICAPS were not approved until September 30, 2003.

- Cash Flow and Letter of Credit. Our weekly cash flow forecast projects that as of June 30, our cash balances will be \$1.2 million and that our letter of credit balance will be zero! By way of comparison, last year on June 30, cash balances were also \$1.2 million, but we owed the Bank of the West \$2.8 million on our letter of credit. This is a very significant improvement over a year ago, and is a result of good cash management by our staff.

Our year-end accounts receivable will be lower than the previous year, as will our accounts payable. At the end of the year we will have only 3 payables older than 30 days, two due to waiting grantor reimbursement and one due to an incomplete invoice from the vendor.

- Master Fund Transfer Agreement. In response to SCAG's concerns regarding the termination provisions contained in the new proposed Master Fund Transfer Agreement, Caltrans has provided language which would give SCAG an opportunity to "cure" alleged deficiencies in its performance prior to Caltrans terminating the agreement. The new language adequately addresses the SCAG's concern. Other MPO's have raised additional issues which have not yet been resolved. Therefore, Caltrans has indicated that a new Master Fund Transfer Agreement will probably not be ready until the first quarter of the 2004-2005 fiscal year.

- 04/05 Overall Work program (OWP). The 2004/2005 OWP was approved by Caltrans on June 30, 2004.

II. Provide support to the Regional Council in providing direction and Leadership to SCAG

- State Transportation Finance

The leadership of the Senate and Assembly have forwarded SB 1210 (Torlakson) and SB 1793 (McPherson) dealing with Design Build and AB 3048 (Oropeza) dealing with revenue supported financing mechanisms to a conference committee so that the inter-related issues of these bills could be dealt with in the conference. Among the issues to be considered are labor provisions, governance structures, a concern of some of our Commissions, and non-complete clauses. We are continuing to provide input to the authors and the Conferees.

- On June 10th I met with Congressman Dick Chrysler and Dr. Brian Petersburg regarding the Interstate Traveler Project. The Interstate Traveler project is a multi-modal Maglev high speed rail system powered by solar cells that drive hydrogen electrolysis for energy storage and distribution.
- On June 15th I attended a Dialogue on Smart Growth among regional, state, and national leaders in Sacramento including the Secretaries of BTH, Sunne McPeak and Resources, Mike Christman. The purpose of the meeting was to explore current strategies and new opportunities to advance better growth planning, investment and conversation throughout the state of California.
- On June 16th I met with Commissioner Spike Helmick of the California State Highway Patrol Office in Sacramento regarding the safety of the truckway. He indicated his support for a dedicated truckway that would permit longer vehicles under controlled conditions and will provide us with comments on the needed conditions. I also met with the Teamsters who indicated their support for the concept providing conditions are met. Staff is now pulling the comments from the California Trucking Association, Teamsters and the Highway Patrol into a single proposal.
- On June 17th Ed Edelman and I met with Lisa Gritzner, Chief of Staff for Councilmember Cindy Miscikowski regarding the use of the RTP regional policies for the aviation system in the councilmember's proposal for the LAX master plan.
- On June 23rd I attended the second meeting of the Caltrans Performance Measure Team to follow-up on developing Transportation Performance Measures. The team approved indicators and presented them to the BT&H Secretary, Sunne McPeak. The proposed indicators are very similar to those used in the SCAG region.

- On June 28th Mr. Laurent Perrin, Chief Planner from Paris visited SCAG's downtown office. Regional Councilmembers Toni Young, Ron Roberts, Paul Bowen, and Bev Perry participated in the meetings. Mr. Perrin was very interested in Compass, our growth visioning initiative. Staff gave a presentation on Compass and Mr. Perrin gave a presentation on his agency and planning work to SCAG's entire staff.
- Third Tribal Summit. On June 30th, SCAG President Ron Roberts, First Vice President Hank Kuiper, Regional Councilmembers Robin Lowe, and Deborah Robertson and I met with tribal chairs, Councilmembers and staff at the Torres Martinez Desert Cahuilla Indian Reservation in Thermal, California for our third tribal summit. Having met previously with the tribes, it is our goal to reach an agreement about their participation in the regional decision-making process. SCAG's Ten Year Strategic Plan calls for greater tribal participation. The outcome of the summit will be presented to the Strategic Plan Task Force at their next meeting.

III. SCAG Operations

- Close of FY 03-04, Start of FY 04-05. Our Finance and Budget staff has completed all required data setup in SAP to distribute budget information and record transactions in the new fiscal year. This is the second consecutive year that this work has been completed prior to July 1.

A work plan is in place to close FY 03-04 with a preliminary close on July 15th and a final close on August 15th. All vendors, consultants and sub-regions have until July 31 to submit FY 03-04 invoices. All consultants and Sub-regions have been notified of this requirement in writing.

SCAG will meet the Caltrans deadline of submitting it's final report of expenditures on August 31, as required. The annual external audit, conducted by KPMG, is scheduled to commence the week of September 1.

- Contracts. Continuing Cooperative Agreements (CCAs) with Subregions have been completely revised this year and have been customized specifically for each Subregion. Seven CCAs have been mailed as of this date, and an additional five CCAs will be mailed by July 2, 2004 for the Subregions' signature. Two of the Subregions will not require a CCA this year, as they have no projects in the OWP.

The Annual Disadvantage Business Enterprise (DBE) Goal and Methodology Report for fiscal year 2004/2005 was submitted to the Department of Transportation on June 1, 2004. We received the conditional approval from them on June 8, 2004. This report will be placed on the Regional Council's August Agenda. Upon Council's approval, public notices will be placed in

several publications for the 45 days comment period. Final approval of our DBE Goal and Methodology will be received shortly thereafter.

We have already submitted a request to Caltrans to approve carryover contracts. There are a total of twenty-two CPG as well as non-CPG funded carryover contracts, sixteen of which will require Caltrans approval. We expect to receive Caltrans approval upon receiving approval of our 2004-2005 OWP.

- TranStar Matters. As a result of concerns raised by the County Transportation Commissions, staff has been working to finalize a set of agreements which would settle the longstanding issues related to ownership of TranStar and related assets. The agreement would also formalize the final disposition of all the rideshare assets. Under the proposed agreements, SCAG would terminate its existing license agreement with The Partnership which has been operating TranStar during this fiscal year. The Partnership would be allowed to fulfill existing contractual obligations for TranStar services, but any new business would be subject to the approval of the Commissions. The Commissions would assign all their rights in TranStar to SCAG. Staff will provide a detailed report at the August Regional Council meeting.
- Succession Plan. Human Resources met with each Manager and Director to discuss training and development plans for employees. The plans will be incorporated into the Performance Agreements.
- Training. Human Resources coordinated mandatory training for all Directors, Managers and Supervisors on the Fair Labor Standards Act. Modeling, GIS and Microsoft software training was also provided.
- IT Implementation The Integrated Works Inc. (TIWI) completed an IT evaluation for SCAG with recommended alternatives for future implementation. The estimated cost is between about \$1 million over a 12-month period. Staff has released an RFP to acquire an IT Project Manager to oversee the implementation. The anticipated completion date for the implementation is end of June 2005.
- In a continuing effort to provide more timely communications to members, we successfully launched the inaugural issue of eVision, SCAG's new monthly electronic newsletter to Regional Council members on June 24. We intend to expand the distribution list in July to include all members and the subregions. We will continue to expand the mailing list for the newsletter as new email addresses are obtained and existing addresses are updated. The eVision newsletter can also be found on SCAG's web site at www.scag.ca.gov/evision.

IV. Implement Adopted Regional Plans

- Maglev Deployment. On June 16, 2004, the Maglev Task Force elected a new Chairwoman, Hon. Robin Lowe of Hemet, and a new Vice Chair, Hon. Lou Bone of Tustin. Supervisor Antonovich still stands as the other Vice Chair.

On Tuesday, June 8, 2004, I met with Councilman Tom LaBonge and LADOT at LA City Hall to go over issues raised by LADOT staff and develop solutions to those issues, including revisions to the scope of work for a federal grant from the FRA. On Thursday, June 17, 2004, Maglev staff and LADOT met in Councilman Tom LaBonge's office to follow-up on these discussions. Although this meeting was helpful, negotiations are still underway with LADOT. The revised scope of work will be submitted to FRA pending a presentation to and approval by the LA City Council Transportation Committee. We hope to have these issues finalized as soon as possible.

- Regional Transportation Plan (RTP). Staff has secured full Transportation conformity on the 2004 RTP from the federal agencies. Effective June 16, 2004 we have a new conforming Regional Transportation Plan in place that replaces the 2001 RTP in its entirety. The conformity letter was issued jointly by FHWA and FTA for the most parts of the region, including South Coast Air Basin on June 7, 2004, a day prior to the lapse of conformity on the 2001 RTP. However, conformity issuance for Ventura County and the Southeast Desert was issued on June 16, 2004 due to a procedural delay in the acceptance of emission budgets.

V. Develop Additional Planning Efforts

- Conformity. The completion dates of a number of transportation projects identified as Transportation Control Measures (TCMs) in all years of the 2004 Regional Transportation Improvement Program are delayed, compared to the completion dates reported in the 2004 RTP. Delays in TCM projects are a matter of regional concern. TCM projects deliver particular air quality benefits for the region, which, as you are aware, has the worst air quality in the nation. Under both the Federal Clean Air Act and the Transportation Conformity Rule, such projects are required to have funding and

- implementation priority over all other transportation projects, even to the extent of being allowed to proceed under a conformity lapse. Staff is working with the Transportation Commissions to ensure that projects identified in the 2004 RTP for implementation by 2010 are completed by 2010. (This is the year by which the region must demonstrate attainment of the national ambient ozone standards, and emissions credit was taken for these projects in modeling the 2004 RTP for its conformity determination).
- Intergovernmental Review. In June, the Intergovernmental Review (IGR) Section received several development projects for review, notably one project of regional significance - the Fagan Canyon Project in the City of Santa Paula. This proposed project has a development potential of approximately 2,500 residential units.
- COMPASS. Two Compass media events occurred consecutively on June 29 at the Western Riverside Council of Governments (WRCOG) offices and the Los Angeles Central Library. Special thanks to our speakers including Councilmember Ron Roberts, Councilmember Bev Perry, Mayor Toni Young, Councilmember Susan Longville.
- Growth Forecast. The 2004 RTP Growth Forecast Report has been published. Additionally, one-page "Subregion at a Glance" fact sheets have been produced for each of the 14 subregions. These fact sheets provide a wealth of demographic statistics at the subregional level, including a visual portrayal of the projected population and employment growth for the 2030 Growth Vision.
- Regional Economic Forecast Conference. The date for the 8th annual event is Thursday, November 18, 2004 from 8:00 AM until 2:00PM. The conference will be held in the new Walt Disney Concert Hall in downtown Los Angeles, and will be the first major event SCAG has staged in the Hall. In addition to its annual economic forecasts of the region and its 6 counties, this year's conference will feature a panel of experts on the impact of trade and the logistics industry on the future of the SCAG region economy. Sunne Wright McPeak, California Secretary of Business, Transportation & Housing, will be the keynote speaker.
- Regional Housing Needs Assessment (RHNA). SCAG received notice that the judgement in the RHNA Lawsuit has been entered. Staff is analyzing the practical impact of the judgement and will be meeting with various stakeholders during the month of July. A detailed report will be provided at the August meeting. AB 2158, which reforms the conduct of the (RHNA), and would allow SCAG to seek a postponement to be consistent with our transportation planning cycle has passed the Assembly and is progressing in the Senate. Under current law, SCAG would be required to begin the RHNA on July 1, 2004. We are currently seeking advice from the State Department of Housing and Community Development on how to proceed with uncertain

timeframes. The State Budget apparently eliminated SCAG during local governments for RHNA work.

VI. Data

- Planning Data/GIS
 - Land Use Data Consortium. The first Land Use Consortium meeting was held at SCAG offices on June 10, 2004. Staff has been working to create a consortium of interested agencies that will share the costs of acquiring aerial imagery and land use data in the region. Staff hopes this will allow more frequent updates than has been historically possible to meet the data needs in the region.
 - City General Plan Updates. Staff has assisted in completion of local general plan updates within various subregions. These updates provide SCAG valuable input to its city and small area (tract and TAZ) socioeconomic projections.
 - Homeland Security Meeting. On June 23, 2004, SCAG hosted the second Steering Committee meeting on Homeland Security. Members of the steering committee discussed various planning issues associated with hosting a regional workshop on homeland security. Our objective is to facilitate regional coordination on data and information sharing among stakeholders in Southern California. Currently, potential sponsors of the workshop include Metrolink, USC and UCLA.
 - GIS Training. Staff just completed the first series of GIS training for internal staff. This consisted of six hands on sessions that aimed at enhancing GIS-related knowledge and skills for non-GIS staff members. In responding to many requests from local jurisdictions, staff has also scheduled a series of training programs for SCAG members as part of the member benefits.
- Modeling
 - Regional Cordon Survey - The Regional Cordon Survey project was completed as of 6/30/04. The purpose of the study was to gather current travel characteristics of vehicles entering and leaving the SCAG Region. Travel surveys were conducted on the freeways and major highways at the perimeter of the SCAG Region. The information will be used to update the external trip assumptions that are inputted to the Regional Transportation Model.
 - Performance Assessment and Monitoring
 - Region-based Statewide Indicators Report Initiative. In collaboration with CALCOG and California Center for Regional Leadership, staff has been coordinating an initiative to develop a Region-based Statewide Indicators Report. On May 26, 2004, staff coordinated the first meeting of the Statewide

Indicators Working Group through teleconference. A total of sixteen organizations participated in the working group, including many MPOs/Councils of Governments in the state. The next step of the initiative is to develop a work plan and address the resources and funding needed for implementation.

VII. Implement the Legislative Program

- Reauthorization of TEA-21. On June 9th, the TEA-LU/SAFETEA conference committee completed its first session by considering and approving a number of items, one of which results from months of hard work by SCAG. An amendment was inserted into the conference report requiring states to reimburse MPOs for planning expenses within 30 days of invoice. This provision strengthens SCAG's case for timely reimbursement by Caltrans during state budget impasses.

No action has been taken yet by the conferees to reconcile how much the TEA-21 reauthorization will cost. The Senate's SAFETEA is \$318 billion, the House's TEA-LU is \$284 billion and the President's proposed SAFETEA is \$263 billion. Meanwhile, another extension has been passed by the House, pushing back the June 30th expiration to July 31st. If negotiations do not reach an agreement by that time, the next extension may continue TEA-21 into 2005, what would have been the second year of the next surface transportation program cycle. SCAG continues to advocate for provisions that bring Southern California its fair share of authorizations and appropriations. We are also following up on the direction of the Regional Council to work with the Conferees to include provisions for Tax Credit Instruments for financing railroad capacity enhancements and mitigation.

- State Budget. State lawmakers and the Governor missed the constitutional deadline to pass the State budget by June 15th, although reports suggest "the Big Five" are eager to reach agreement by July 1st. SCAG is closely monitoring the negotiations and will keep the Regional Council apprised of new developments.

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